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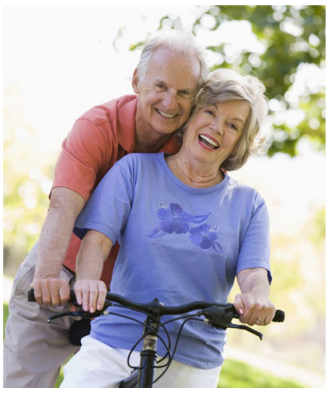
Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



SEPTEMBER 2019

Introduction to Taxes

In recent years there have been many changes to personal income taxation in the US. In an effort to help you better understand these changes, this article will cover the main points of taxes that apply to the average family. These points include: Adjusted Gross Income (AGI), tax brackets, credits & deductions, Above the line vs. below the line deductions, and standard vs. itemized deductions.

Adjusted Gross Income (AGI)
Just like on your weekly pay stubs how you have a "net" and "gross" income, the same is true of your final tax bill. Your AGI is the income that your taxes are based off of. Put simply, it is all of your income minus all of your deductions and exemptions.

Marginal Tax Brackets
In the US we have marginal tax brackets. This is opposite of a flat-tax bracket and means you are not taxed equally on all of your money. For example, let us look at an AGI of $100,000 ($100k) for a Married Couple (filing joint). Based on this year's brackets the tax rate is 22%. In a flat-tax you would owe 22% or $22,000. However, our system is not flat, it is marginal. This means on the first $19,400 you only pay 10% ($1,940), on the amount between $19,401-$78,950 you pay 12% ($7,145), and then 22% on the remaining amount ($4,631). This means your total tax bill is $13,716.

Credits vs. Deductions
Credits and deductions are two 'tools' (for lack of a better word) to lower your tax bill. However, they are applied very differently. Deductions are used to lower your AGI, while credits are applied directly to the taxes you owe. Let's look at 2 examples using the same $100k tax scenario as above. Ex 1: $100k AGI with an additional 5k deduction. That $5,000 gets taken away from your AGI dropping it to $95,000, which drops your total tax bill to $12,616 (a savings of $1,100). Ex 2: $100k AGI with an additional 5k tax credit. That 5k tax credit gets applied directly to our tax bill. So instead of owing $13,716, we now owe $8,716.

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Are You Afraid of Outliving Your Money?

With all the advancements in medical technology, prescription drugs and health programs, our senior population is living longer and are in better health. With the increasing longevity of people who have already reached retirement age, many seniors are beginning to worry about outliving their money.

The Fear of Outliving your money can be a burden, in your retirement years. Because you don't know how long you'll live, it's hard to be sure your money will last as long as you need it to. If you withdraw too much of your nest egg, your future income can suffer or you may run out of money entirely. If you are too thrifty when it comes to spending your nest egg, your level of living may suffer. Immediate Annuities can remove some of these burdens, so you can concentrate better on enjoying your hard-earned retirement.

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Interesting Facts:

-September comes from the Latin word 'Septem' meaning seven. At the time, March was the first month making September the 7th. This is also why February only has 28 days. (It was the last month in the year).

-Celery effectively has negative calories. (It takes more calories to eat a piece of celery than celery has in it.)

-The word "set" has the most definitions in the English language.

-Most hummingbirds weigh less than a penny.

*Are you unnecessarily paying income taxes on your social security call now for your **FREE** report*
"How to Stop the Taxation of Your Social Security Income"
Call now while supplies last.

"The measure of who we are is what we do with what we have!"
-Vince Lombardi

It's LIAM!

This September is the 16th anniversary of Life Insurance Awareness Month (LIAM). LIAM was started in an effort to raise awareness among consumers and producers about the need for life insurance. Americans by and large aren't saving much money and many households are still mired in debt. Many see value in life insurance, but less than half have individual life insurance policies.

Half of the households in America would feel the financial impact from the loss of their primary wage earner in a year or less. In fact, over 40 percent would feel the impact within 6 months, including nearly 40 percent of households with an annual income of $100,000 or more.

Now more than ever, it is vital that consumers protect their financial security. Life insurance has been providing this kind of protection to Americans for more than 200 years.

Lastly it is to spread awareness of the many ways you can use life insurance. Life insurance has evolved to not only protect your family if you die, but also while you live. Call my office today for more information.

Introduction to Taxes

The Different Types of Deductions:
When deciding how to use deductions, it is important to remember the difference between itemized and Standard deductions. The Standard deduction is a flat amount that anyone can choose to use; in 2019 it is $24,400 for married filers, or $12,200 for single filers. Alternatively, you can choose to itemize your deductions. In this method you will count up all of the deductions you qualify for. (Mortgage interest, charitable giving, etc…) and add it all up and deduct that from your Gross income. It is important to note, you can only choose one or the other not both, therefore you want to choose whichever is more. One last important thing to note is there are two types of deductions. The first of which is what we described above; they can only be applied to your itemized deductions. The second kind is what's called an "above the line" deduction and they get taken out directly from your income. (You can use these on top of your Itemized or standard deduction. Two examples of these are Qualified Plan contributions, and student loan interest.

All in all, taxes in the US can be a little complicated and overwhelming without all of the details, especially with how often they change. It is important to keep track of the changes to brackets, deductions, and credits. I highly recommend you research or contact a tax advisor to ensure you are taking advantage of all the deductions, credits, and exemptions you qualify for.

Are You Afraid of Outliving Your Money?

Immediate Annuities can provide a dependable stream of income payments guaranteed to continue for the rest of your life. They also offer a wide variety of options for different situations. Some of these options are:

- **Lifetime Income for You.** You can opt for income, guaranteed by the insurance company, for the rest of your life. Payments cease upon your death.
- **Lifetime Income for 2.** You can opt for income guaranteed for the rest of your life and the life of another person, such as your spouse. Guaranteed income for two people is known as a joint and survivor option, which guarantees that income payments will continue for the life of the primary owner and a second person.
- **Lifetime Income with a Guaranteed Period.** You will receive income guaranteed by the insurance company for life. If you die before the guarantee period is over, your beneficiaries will receive the remaining number of payments.
- **Lifetime Income with a Death Benefit.** Similar to above, you (or you and your spouse) will receive guaranteed income for life. During this time your account will lower in value as payments are received. If there is any value left when you pass, your beneficiary will receive that amount.

There is nothing worse than to have your money expire before you do. So, think about your situation; plan ahead for the future and the quality of your life during retirement. Now is a good time to do a retirement plan check-up. Please contact me today, so I can help ensure you are getting the most out of your retirement and alleviate any fears of outliving your money.